AVERY DENNISON CORPORATION
Form DEF 14A
March 17, 2008

Table of Contents

SCHEDULE 14A INFORMATION
Proxy Statement Pursuant to Section 14(a) of the Securities Exchange Act of 1934

Filed by the Registrant þ
Filed by a Party other than the Registrant o

Check the appropriate box:

o Preliminary Proxy Statement

o **Confidential, for Use of the Commission Only (as permitted by Rule 14a-6(e)(2))**

þ Definitive Proxy Statement
o Definitive Additional Materials
o Soliciting Material Pursuant to sec.240.14a-11(c) or sec.240.14a-12

AVERY DENNISON CORPORATION
(Name of Registrant as Specified In Its Charter)
AVERY DENNISON CORPORATION
(Name of Person(s) Filing Proxy Statement)

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(1) Title of each class of securities to which transaction applies:

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Table of Contents

Avery Dennison Corporation
150 North Orange Grove Boulevard
Pasadena, California 91103

Notice of Annual Meeting of Stockholders

To be held
April 24, 2008

To the Stockholders:

The Annual Meeting of Stockholders of Avery Dennison Corporation will be held at 150 North Orange Grove Boulevard, Pasadena, California, on Thursday, April 24, 2008, at 1:30 P.M. for the following purposes:

1. To elect four directors to hold office for a term of three years and until their successors are elected and have qualified;

2. To ratify the appointment of PricewaterhouseCoopers LLP as the Company s independent auditors for the current fiscal year, which ends on December 27, 2008;

3. To consider and vote upon a proposal to approve an amended and restated employee stock option and incentive plan; and

4. To transact such other business as may properly come before the meeting and any adjournments thereof.

In accordance with the Bylaws, the Board of Directors has fixed the close of business on Monday, February 25, 2008, as the record date for the determination of stockholders entitled to vote at the Annual Meeting and to receive notice thereof.

All stockholders are cordially invited to attend the meeting.

BY ORDER OF THE BOARD OF DIRECTORS

Robert G. van Schoonenberg
Secretary

Pasadena, California
Dated: March 14, 2008

Whether or not you presently plan to attend the Annual Meeting, in order to ensure your representation, please vote by telephone or by using the Internet as instructed on the enclosed proxy card, or complete, sign and date the enclosed proxy card as promptly as possible and return it in the enclosed envelope (which does not require postage if mailed in the United States). If you attend the meeting and wish to vote in person, your proxy will not be used.

Table of Contents

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TABLE OF CONTENTS

Table of Contents

AVERY DENNISON CORPORATION
150 North Orange Grove Boulevard
Pasadena, California 91103

PROXY STATEMENT

This proxy statement is furnished to the stockholders on behalf of the Board of Directors of Avery Dennison Corporation, a Delaware corporation (hereinafter called Avery Dennison or the Company), for solicitation of proxies for use at the Annual Meeting of Stockholders to be held on Thursday, April 24, 2008, at 1:30 P.M. and at any and all adjournments and postponements thereof. A stockholder giving a proxy pursuant to the present solicitation may revoke it at any time before it is exercised by giving a subsequent proxy or by delivering to the Secretary of the Company a written notice of revocation prior to the voting of the proxy at the Annual Meeting. If you attend the meeting and wish to vote your shares in person, your proxy will not be used. Votes cast by proxy or in person at the Annual Meeting will be tabulated by the election inspectors appointed for the meeting and will determine whether or not a quorum is present. Under the Company s Bylaws and Delaware law: (1) shares represented by proxies that reflect abstentions or broker non-votes (i.e. shares held by a broker or nominee that are represented at the meeting, but with respect to which such broker or nominee is not empowered to vote on a particular proposal) will be counted as shares that are present and entitled to vote for purposes of determining the presence of a quorum; (2) there is no cumulative voting and the director nominees receiving a majority of the votes cast (in uncontested elections) will be elected (for purposes of determining the vote required to elect directors, a majority of the votes cast shall mean that the number of shares voted for a director s election exceeds 50% of the total votes cast with respect to that director and votes cast shall include votes to withhold authority and exclude abstentions with respect to that director s election); and (3) proxies that reflect abstentions as to a particular proposal (other than the election of directors) will have the same effect as a vote against that proposal and proxies that reflect broker non-votes (other than the election of directors) will also have the same effect as a vote against that proposal. The Company has retained D. F. King & Co., Inc. to assist in soliciting proxies for this meeting at a fee estimated at $11,000 plus out of pocket expenses. Expenses incident to the preparation and mailing of the notice of meeting, proxy statement and form of proxy are to be paid by the Company. This proxy statement is to be mailed to stockholders on or about March 14, 2008.

The purpose of the meeting and the matters to be acted upon are set forth in the preceding Notice of Annual Meeting. In addition to the election of four directors and ratification of the appointment of PricewaterhouseCoopers LLP as independent auditors for the Company, an amended and restated Employee Stock Option and Incentive Plan, (Stock Plan) will be submitted for approval by the Company s stockholders. The Stock Plan has been previously approved by stockholders, and is proposed to be amended to increase the total number of shares issuable thereunder by 4.8 million shares, and to provide that the aggregate number of shares represented by full-value awards (such as restricted stock, restricted stock units and performance units) that may be granted be increased by 2.5 million out of the total of 4.8 million. As of the date of this proxy statement, management knows of no other business that will be presented for consideration at the meeting. However, if any such other business shall properly come before the meeting, votes will be cast pursuant to these proxies in respect of any such other business in accordance with the best judgment of the persons acting under these proxies. See GENERAL Stockholder Proposals below.

Important Notice Regarding the Availability of Proxy Materials
for the Stockholder Meeting to be Held on April 24, 2008.

The Proxy Statement and the Annual Report to Stockholders
are available at www.investors.averydennison.com

ELECTION OF DIRECTORS (Proxy Item 1)

The Bylaws of the Company presently provide for eleven directors, divided into three classes. Four directors are to be elected at the 2008 Annual Meeting and will hold office until the Annual Meeting in 2011 and until their

Table of Contents

successors are elected and have qualified. It is intended that the persons so appointed in the enclosed proxy will, unless authority is withheld, vote for the election of the four nominees proposed by the Board of Directors, all of whom are presently directors of the Company. In voting for the election of directors, each share has one vote for each position to be filled. All of the nominees have consented to being named herein and to serve if elected. In the event that any of them should become unavailable prior to the Annual Meeting, the proxy may be voted for a substitute nominee or nominees designated by the Board, or the number of directors may be reduced accordingly.

The following information, which has been provided by the directors, shows for each of the nominees for election to the Board of Directors and for each director whose term continues, his or her name, age and principal occupation or employment during the past five years, the name of the corporation or other organization, if any, in which such occupation or employment is or was carried on, the period during which such person has served as a director of the Company and the year in which each continuing director s present term as director expires.

2008 NOMINEES

The Board of Directors recommends a vote **FOR** the four nominees below.

Peter K. Barker, age 59. Mr. Barker is a private investor. From November 1982 until November 1998, Mr. Barker was a partner in Goldman Sachs & Company, an investment banking, securities and investment management firm. He is also a director of Fluor Corporation, an engineering, procurement, construction, and maintenance services company, and GSC Investment Company, a business development company. He has been a director of Avery Dennison Corporation since January 2003.

Richard M. Ferry, age 70. Mr. Ferry is a private investor. Since July 2001, Mr. Ferry has been Founder Chairman of Korn/Ferry International, an international executive search firm. In June 2001, Mr. Ferry retired as Chairman of Korn/Ferry, a position he had held since May 1997; and in June 2002, he left the board. From May 1991 through May 1997, Mr. Ferry was Chairman and Chief Executive Officer of Korn/Ferry. He is also a director of Pacific Mutual Holding Company, the parent of Pacific Life Insurance Company, a provider of life insurance, annuities and mutual funds. He has been a director of Avery Dennison Corporation since December 1985.

Ken C. Hicks, age 55. Since January 2005, he has been President and Chief Merchandising Officer of J.C. Penney Company, Inc., a retailing company. From July 2002 to December 2004, Mr. Hicks was President, Chief Operating Officer of J.C. Penney. From January 1999 to February 2002, he was President of Payless ShoeSource, Inc. He was recommended by an independent director and has been a director of Avery Dennison Corporation since July 2007.

Kent Kresa, age 69. Since December 2005, Mr. Kresa has served as non-executive Chairman of Avery Dennison Corporation; since October 2003, he has been Chairman Emeritus of Northrop Grumman Corporation, an aeronautics and defense systems manufacturer. In October 2003, Mr. Kresa retired as Chairman of Northrop Grumman, a position he had held since September 1990. From September 1990 to March 2003, he served as Chairman and Chief Executive Officer of Northrop Grumman. He is also a director of Fluor Corporation, an engineering, procurement, construction, and maintenance services company; General Motors Corporation, an automotive manufacturer; and Mannkind Corporation, a pharmaceutical manufacturer. He has been a director of Avery Dennison Corporation since February 1999.

2

Table of Contents

CONTINUING DIRECTORS

John T. Cardis, age 66. Mr. Cardis is a private investor. In May 2004, Mr. Cardis retired as National Managing Partner Global Strategic Clients of Deloitte & Touche USA LLP, an audit, tax, consulting and financial advisory service company. From 1991 to June 1999, Mr. Cardis served as Office Managing Partner, Los Angeles, for Deloitte & Touche. He was also a member of the executive committee and a member of the board of directors. He also is a director of Edwards Lifesciences Corporation, a cardiovascular disease treatment company, and Energy East Corporation, an energy services and delivery company. He has been a director of Avery Dennison Corporation since October 2004. His present term expires in 2009.

David E. I. Pyott, age 54. Since February 2006, Mr. Pyott has been Chairman and Chief Executive Officer of Allergan, Inc., a global healthcare company. From April 2001 through January 2006, Mr. Pyott was Chairman, President and Chief Executive Officer and from January 1998 through March 2001, he was President and Chief Executive Officer of Allergan. He is also a director of Edwards Lifesciences Corporation, a cardiovascular disease treatment company. He has been a director of Avery Dennison Corporation since November 1999. His present term expires in 2009.

Dean A. Scarborough, age 52. Since May 2005, Mr. Scarborough has been President and Chief Executive Officer of Avery Dennison Corporation, a global leader in pressure-sensitive technology. From May 2000 to April 2005, Mr. Scarborough served the Company as President and Chief Operating Officer. From November 1999 through April 2000, Mr. Scarborough served the Company as Group Vice President, Fasson Roll Worldwide. Prior to November 1999, Mr. Scarborough held other executive positions with the Company. He is also a director of Mattel Corporation, a manufacturer and marketer of toys and family products. He has been a director of Avery Dennison Corporation since May 2000. His present term expires in 2009.

Julia A. Stewart, age 52. Since May 2006, Ms. Stewart has been Chairman and Chief Executive Officer of IHOP Corporation, which owns, operates and franchises the IHOP and Applebee s restaurant chains. From May 2002 until April 2006, Ms. Stewart was President, Chief Executive Officer and Chief Operating Officer and from December 2001 through May 2002, Ms. Stewart served as President and Chief Operating Officer of IHOP. She has been a director of Avery Dennison Corporation since January 2003. Her present term expires in 2009.

Rolf Börjesson, age 65. Since May 2004, Mr. Börjesson has been non-executive Chairman of Rexam PLC, a worldwide consumer packaging company in London, United Kingdom. From 1996 to May 2004, Mr. Börjesson served as Chief Executive Officer of Rexam. He is also a director of SCA AB (Svenska Cellulosa Aktiebolaget), a pulp and paper manufacturer based in Stockholm, Sweden. He has been a director of Avery Dennison Corporation since January 2005. His present term expires in 2010.

Peter W. Mullin, age 67. Since March 2006, Mr. Mullin has been Chairman of MullinTBG, an executive compensation, benefit planning and corporate insurance consulting firm; prior to March 2006, he was Chairman of Mullin Consulting, Inc.; prior to July 2003, Mr. Mullin also served as Chief Executive Officer of Mullin Consulting. He is also a director of Mrs. Fields Holding Company, Inc., a fresh-baked products company. He has been a director of Avery Dennison Corporation since January 1988. His present term expires in 2010.

Patrick T. Siewert, age 52. Since April 2007, Mr. Siewert has been a Senior Director for The Carlyle Group, an investment company. From February 2006 to March 2007, Mr. Siewert was a Senior Advisor to The Coca-Cola Company, a worldwide beverage company. From August 2001 to March 2007, Mr. Siewert was Group President, Asia The Coca-Cola Company. He is also a director of Computime Group Ltd., a manufacturer of home and commercial control products in Hong Kong. He has been a director of Avery Dennison Corporation since April 2005. His present term expires in 2010.

Table of Contents

SECURITY OWNERSHIP OF MANAGEMENT

The following table shows the number of shares of the Company s common stock beneficially owned by each director of the Company and each of the executive officers named on page 10, and the aggregate number of such shares beneficially owned by all directors and executive officers as of December 31, 2007.

Name	Amount and Nature of Beneficial Ownership(1)	Percent of Class
Dean A. Scarborough	490,049(3)	(2)
Richard M. Ferry	55,959(4)	(2)
Peter W. Mullin	61,357(5)	(2)
Kent Kresa	40,247(6)	(2)
David E. I. Pyott	35,103(7)	(2)
Julia A. Stewart	20,608(8)	(2)
Peter K. Barker	21,400(9)	(2)
John T. Cardis	14,292(10)	(2)
Rolf Börjesson	10,000(11)	(2)
Patrick T. Siewert	14,850(12)	(2)
Ken C. Hicks	2,341(13)	(2)
Daniel R. O Bryant	213,331(14)	(2)
Robert G. van Schoonenberg	211,605(15)	(2)
Christian A. Simcic	183,266(16)	(2)
Robert M. Malchione	184,798(17)	(2)
All Directors and Executive Officers as a Group (21 persons, including those named)	1,979,745(18)	1.8%

(1) Except as otherwise indicated and subject to applicable community property and similar statutes, the persons listed as beneficial owners of the shares have voting and/or investment power with respect to such shares. Exercise prices for stock options on shares range from $45.1875 to $67.795.

(2) Less than 1%.

(3) Includes 407,600 shares with respect to which Mr. Scarborough holds options exercisable within 60 days from December 31, 2007. Also includes 132 shares held by Mrs. Scarborough, as to which Mr. Scarborough disclaims beneficial ownership, and 2,484 shares issuable under stock units designated for Mr. Scarborough under the Company s Capital Accumulation Plan (CAP) trust.

(4) Includes 17,000 shares with respect to which Mr. Ferry holds options exercisable within 60 days from December 31, 2007. Also includes 1,443 shares issuable under stock units designated for Mr. Ferry under the CAP trust.

(5) Includes 17,000 shares with respect to which Mr. Mullin holds options exercisable within 60 days from December 31, 2007. Also includes 722 shares issuable under stock units designated for Mr. Mullin under the

CAP trust. Also includes 3,000 shares held by Mrs. Mullin (405 shares of which are held in a trust), as to which Mr. Mullin disclaims beneficial ownership.

(6) Includes 20,000 shares with respect to which Mr. Kresa holds options exercisable within 60 days from December 31, 2007. Also includes 17,047 stock units designated for Mr. Kresa under the Director Deferred Equity Compensation Program (DDECP).

(7) Includes 20,000 shares with respect to which Mr. Pyott holds options exercisable within 60 days from December 31, 2007. Also includes 12,103 stock units designated for Mr. Pyott under the DDECP.

(8) Includes 12,000 shares with respect to which Ms. Stewart holds options exercisable within 60 days from December 31, 2007. Also includes 6,208 stock units designated for Ms. Stewart under the DDECP.

(9) Includes 12,000 shares with respect to which Mr. Barker holds options exercisable within 60 days from December 31, 2007.

(10) Includes 10,000 shares with respect to which Mr. Cardis holds options exercisable within 60 days from December 31, 2007. Also includes 292 stock units designated for Mr. Cardis under the DDECP.

(11) Includes 8,000 shares with respect to which Mr. Börjesson holds options exercisable within 60 days from December 31, 2007.

(12) Includes 8,000 shares with respect to which Mr. Siewert holds options exercisable within 60 days from December 31, 2007.

(13) Mr. Hicks joined the Board of Directors in July 2007. Includes 341 stock units designated for Mr. Hicks under the DDECP.

(14) Includes 165,410 shares with respect to which Mr. O Bryant holds options exercisable within 60 days from December 31, 2007. Also includes 32,296 shares of restricted stock that are scheduled to vest in two equal installments on April 1, 2009 and August 14, 2012.

(15) Includes 178,249 shares with respect to which Mr. van Schoonenberg holds options exercisable within 60 days from December 31, 2007.

(16) Includes 174,439 shares with respect to which Mr. Simcic holds options exercisable within 60 days from December 31, 2007.

(17) Includes 172,596 shares with respect to which Mr. Malchione holds options exercisable within 60 days from December 31, 2007.

(18) Includes 1,611,293 shares with respect to which all executive officers and directors as a group hold options exercisable within 60 days from December 31, 2007.

Section 16(a) Beneficial Ownership Reporting Compliance

Section 16(a) of the Securities Exchange Act of 1934, as amended (1934 Act) requires the Company s executive officers and directors, and persons who own more than 10% of a registered class of the Company s equity securities (collectively, Insiders), to file initial reports of ownership and reports of changes in ownership with the Securities and Exchange Commission (SEC) and the New York Stock Exchange (NYSE). Insiders are required by SEC regulations to furnish the Company with copies of all Section 16(a) forms they file. To the Company s knowledge, based solely on its review of the copies of such reports furnished to the Company and written representations from certain Insiders that no other reports were required for such Insiders, the Company believes that, during the 2007 fiscal year, Insiders complied with the Section 16(a) filing requirements applicable to Insiders.

BOARD OF DIRECTORS AND COMMITTEE MEETINGS

During 2007, there were eight meetings of the full Board of Directors (Board) and eighteen meetings of committees of the Board. All of the Avery Dennison directors attended at least 75% of the aggregate number of meetings of the Board and meetings of Board committees (of which they were members) held during the time they served on the Board or committees. The Company has a policy of encouraging directors to attend the Annual Meeting of

Stockholders, and at the 2007 Annual Meeting, nine of the directors attended.

After review and discussion of the relevant facts and circumstances for each director, including any relationships with Avery Dennison, the Board has determined that the following directors, who (i) have no material relationships with Avery Dennison, and (ii) meet the Board s categorical independence standards for directors (which are attached as Exhibit A), are independent based on the NYSE listing standards: Peter K. Barker, Rolf Börjesson, John T. Cardis, Richard M. Ferry, Ken C. Hicks, Kent Kresa, David E.I. Pyott, Patrick T. Siewert and Julia A. Stewart. These nine directors constitute a majority of the Board. As a part of its independence determinations, the Board considered sales and purchases of products and services, in the ordinary course of business, between the Company and its subsidiaries and the companies at which some of the Company s directors

Table of Contents

were officers during 2007. However, the amounts paid to or received from these companies during the last three years did not come close to the 2% threshold in the Board s independence standards. The Board also determined that none of these relationships impaired the independence of these nine directors.

Corporate Governance

The Board and Avery Dennison management have taken a number of steps to enhance the Company s corporate governance policies and procedures, and to comply with the Sarbanes-Oxley Act, as well as the NYSE listing standards. There is a corporate governance section on the Company s Web site, which includes key information about the Company s corporate governance. You can access this information by going to www.averydennison.com, selecting the Investors / Corporate Governance section to find the Company s Corporate Governance Guidelines; Charters for the Audit, the Compensation and Executive Personnel, and the Nominating and Governance Committees; Code of Ethics and Business Conduct for Directors, Officers and Employees; Code of Ethics for the Chief Executive Officer and Senior Financial Officers; and the Audit Committee Complaint Procedures. *The Company s Web site address provided above is not intended to function as a hyperlink, and the information on the Company s Web site is not and should not be considered part of this proxy statement and is not incorporated by reference herein.*

On December 1, 2005, the Board elected Kent Kresa as non-executive Chairman. Mr. Kresa presides at executive sessions of the Board. During 2007, the Board held five executive sessions with non-management directors only during regularly scheduled Board meetings, as well as one additional executive session with independent directors only. Stockholders and other interested parties may write to Mr. Kresa concerning matters other than accounting and auditing matters c/o Secretary, Avery Dennison Corporation, 150 North Orange Grove Boulevard, Pasadena, California 91103. Stockholders may also write to John T. Cardis, Chairman of the Audit Committee, regarding accounting and auditing matters c/o Secretary at the same address.

Standing Committees of the Board of Directors

The Audit Committee, which is composed of the following independent directors: John T. Cardis (Chairman), Peter K. Barker, Richard M. Ferry and Kent Kresa, met three times during 2007. The Audit Committee also held four teleconference reviews prior to the Company s issuing its quarterly and annual news releases concerning financial results. The Audit Committee is appointed by the Board to assist the Board with its oversight responsibilities in monitoring (i) the integrity of the financial statements of the Company; (ii) the independent auditor s qualifications and independence; (iii) the performance of the Company s internal audit function and independent auditors; and (iv) the compliance by the Company with legal and regulatory requirements. A copy of the Audit Committee Charter is available on the Company s Web site. The Board has designated Mr. Cardis and Mr. Barker as audit committee financial experts (as that term is defined in Item 401(h) of Regulation S-K of the SEC). The Board has determined that each of the members of the Audit Committee is independent, as that term is used in Schedule 14A, Item 7(d)(3)(iv) under the 1934 Act, as amended.

The Compensation and Executive Personnel Committee (Compensation Committee), which is composed of the following independent directors: David E.I. Pyott (Chairman), Peter K. Barker, Richard M. Ferry and Julia A. Stewart, met seven times during 2007. The Compensation Committee is appointed by the Board to discharge the Board s responsibilities relating to compensation of the Company s directors, Chairman, and Chief Executive Officer (CEO) and other executive officers. The Compensation Committee has overall responsibility for approving and evaluating compensation plans, policies and programs of the Company, as they affect the directors, CEO and executive officers. In addition, the Compensation Committee reviews plans and candidates for succession to CEO and other executive officers. The Compensation Committee is also responsible for providing a report concerning its review of the Compensation Discussion and Analysis section of this annual proxy statement. A copy of the Compensation Committee s Charter is available on the Company s Web site.

The Ethics and Conflict of Interest Committee, which is composed of the following directors: Julia A. Stewart (Chairman), Rolf Börjesson, John T. Cardis, Kent Kresa and Patrick T. Siewert, met twice during 2007. The

Table of Contents

functions of the Ethics and Conflict of Interest Committee are to survey, monitor and provide counsel as to the business relationships, affiliations and financial transactions of directors, officers and key employees, as they may relate to possible conflicts of interest or to the Company s Legal and Ethical Conduct Policy; monitor the Company s compliance program; and report and make recommendations to the Board in instances where it is believed that possible violations of Company policy could exist.

The Finance Committee, which is composed of the following directors: Peter K. Barker (Chairman), Rolf Börjesson, John T. Cardis, Peter W. Mullin and Patrick T. Siewert, met once during 2007. The functions of the Finance Committee are to assist the Board in consideration of matters relating to the financial affairs and capital requirements of the Company; provide an overview of the financial planning and policies of the Company; and review significant borrowings and changes in the financial structure of the Company.

The Nominating and Governance Committee (Nominating Committee), which is composed of the following independent directors: Richard M. Ferry (Chairman), Rolf Börjesson, Ken C. Hicks, David E.I. Pyott and Julia A. Stewart, met four times during 2007. The Nominating Committee is appointed by the Board (i) to assist the Board by identifying individuals qualified to become Board members consistent with criteria approved by the Board, and to recommend to the Board the director nominees for the next annual meeting of stockholders, as well as between annual meetings when appropriate; (ii) to review and recommend to the Board, the Company s Corporate Governance Guidelines; (iii) to oversee the evaluations of the Board and management (related to corporate governance); and (iv) to recommend to the Board director nominees for each committee. A copy of the Nominating Committee s Charter is available on the Company s Web site. The Nominating Committee has a process under which all director candidates are evaluated. The Nominating Committee uses certain criteria in evaluating any candidate s capabilities to serve as a member of the Board including: attendance, independence, number of other board directorships, time commitments, education, conflict of interest, senior management experience with a multinational business or other organization with the size, scope, and complexity of the Company, as well as an ability and desire to contribute to the oversight and governance of the Company and to represent the balanced interests of stockholders as a whole, rather than those of special interest groups. Further, the Nominating Committee reviews the qualifications of any candidate with those of current directors to determine coverage and gaps in experience in related industries and in functional areas, such as finance, manufacturing, technology, and investing. Sources for identifying potential nominees include members of the Nominating Committee, other Board members, executive officers of the Company, third party search firms, and stockholders. Stockholders desiring to make recommendations concerning new directors should submit the candidate s name, together with biographical information and professional experience, and the candidate s written consent to nomination c/o Secretary, Nominating and Governance Committee of the Board of Directors, Avery Dennison Corporation, 150 North Orange Grove Boulevard, Pasadena, California 91103. Stockholders wishing to nominate new directors for election at an annual meeting must comply with the requirements described under the heading GENERAL Stockholder Proposals on page 50.

In addition to the standing committees noted above, the Board has an Ad Hoc Committee, which is composed of the following directors: Kent Kresa (Chairman) and David E.I. Pyott, that met once during 2007. The Ad Hoc Committee is appointed by the Board and has been assigned the oversight responsibility for, and is empowered to take action (or if deemed appropriate to make recommendations to the Board) with respect to, the Company s response to pending competitive practices investigations, as well as any related litigation.

Table of Contents

DIRECTOR COMPENSATION FOR 2007

The following table provides information regarding compensation earned by the Company s non-employee directors during 2007:

Name	Fees Earned or Paid in Cash[(2)]	Stock Awards[(3)]	Option Awards[(4)]	Non-Equity Incentive Plan Compensation	Change in Pension Value and NQDC Earnings[(5)]	All Other Compensation[(6)]	Total
Peter K. Barker	$ 95,000	$ 49,860	$ 32,302			$ 5,000	$ 182,162
Rolf Börjesson	$ 73,000	$ 49,860	$ 32,302			$ 23,250	$ 178,412
John T. Cardis	$ 93,500	$ 49,860	$ 32,302			$ 29,313	$ 204,975
Richard M. Ferry	$ 96,500	$ 49,860	$ 32,302		$ 111,830	$ 13,834	$ 304,326
Ken C. Hicks	$ 18,250		$ 16,908			$ 22,913	$ 58,071
Kent Kresa[(1)]	$ 247,000	$ 49,860	$ 32,302			$ 30,150	$ 359,312
Peter W. Mullin	$ 67,000	$ 49,860	$ 32,302		$ 1,760	$ 35,089	$ 186,011
David E. I. Pyott	$ 98,500	$ 49,860	$ 32,302				$ 180,662
Patrick T. Siewert	$ 71,500	$ 49,860	$ 56,795			$ 5,470	$ 183,625
Julia A. Stewart	$ 92,500	$ 49,860	$ 32,302			$ 25,033	$ 199,695

(1) Mr. Kresa serves as Chairman. His annual retainer is $220,000.

(2) Amounts represent the annual retainer and meeting fees earned by the directors in 2007. The annual retainer for all non-employee directors (except for Mr. Kresa) is $55,000. Directors may elect to defer all or a portion of their fees into the Director Variable Deferred Compensation Plan (DVDCP) or the DDECP.

(3) Amounts represent the value of the stock awards made on June 29, 2007 (750 shares at $66.48). Mr. Hicks joined the Board in July 2007 and did not receive a stock award in 2007.

(4) Except for Mr. Hicks, who received a grant of 5,000 stock options when he joined the Board in July 2007, none of the other directors received a stock option grant during 2007. Amounts shown do not reflect compensation actually received by the directors. Instead, the amounts shown are the compensation expense recognized by the Company in the 2007 Consolidated Statement of Income for stock options awarded to directors in prior years, calculated in accordance with Statement of Financial Accounting Standards (SFAS) No. 123(R), *Share-Based Payment*, and thus include compensation expense for awards granted in 2005 and 2006. Options vest in equal installments on the first two anniversaries of the grant date and expire after ten years. As of December 31, 2007, the directors held stock options as follows: Mr. Barker 13,000; Mr. Börjesson 9,000; Mr. Cardis 11,000; Mr. Ferry 18,000; Mr. Hicks 5,000; Mr. Kresa 21,000; Mr. Mullin 18,000; Mr. Pyott 21,000; Mr. Siewert 9,000; and Ms. Stewart 13,000.

(5) NQDC means Non-Qualified Deferred Compensation. For Mr. Ferry and Mr. Mullin, the amounts reflect above-market earnings during fiscal year 2007 on fees that were deferred prior to fiscal year 2007 under two legacy plans (the fixed-rate alternatives that were frozen prior to 2007 and are no longer open for additional Company or director contributions): the Director Deferred Compensation Plan and/or the DVDCP.

(6) Reflects amounts of Company matching gifts for director s contributions to the United Way and/or to educational institutions; the maximum Company match is $10,000 ($10,000 each for Messrs. Ferry and Mullin; $5,000 each for Messrs. Barker and Kresa), as well as payments for expenses for spousal travel to China in connection with a Board meeting plus a tax gross-up for such expenses, and payments for certain U.S. taxes and related expenses ($7,985) for Mr. Börjesson.

As President and CEO of the Company, Mr. Scarborough receives no fees for services rendered in his capacity as a director. Each non-employee director is paid an annual retainer fee of $55,000; the non-executive Chairman is paid an annual retainer of $220,000. Directors are paid attendance fees of $1,500 per Board meeting attended, and $2,000 per committee meeting attended as Chairman of a committee or $1,500 per committee meeting attended as a member of the committee (whether it is a standing or an ad hoc committee). The Chairmen of the Audit and the Compensation Committees are each also paid an annual retainer fee of $10,000; the Chairmen of the Finance, the

Table of Contents

Nominating and Governance, and the Ethics and Conflict of Interest Committees are each paid an annual retainer fee of $5,000. Committee members are also paid $1,500 for teleconferences. See Exhibit B for a summary of non-employee director compensation. Under the DVDCP, fees that are deferred accrue earnings at the rate of return of certain bond and equity investment funds managed by an insurance company. Under the DDECP, directors may defer fees into stock units, which will be paid out in shares of Company stock at retirement. As of December 31, 2007, the following directors held stock units in the DDECP: Mr. Cardis 292; Mr. Hicks 341; Mr. Kresa 17,047; Mr. Pyott 12,103; and Ms. Stewart 6,208. The Company has a matching gift program under which the Company will match an amount of up to $5,000 that a director contributes to the United Way, and the Company will also match an amount of up to $5,000 given to educational institutions.

Except for Mr. Hicks, each non-employee director received a stock award of 750 shares of the Company s common stock on June 29, 2007, as a portion of their director compensation. Non-employee directors participate in the Director Equity Plan, which provides for each non-employee director to receive a stock option grant with respect to 5,000 shares upon joining the Board. Mr. Hicks received a grant of 5,000 stock options when he joined the Board. When stock options are granted, the option price is 100% of the fair market value of Company common stock on the date of grant. All options granted have a term of ten years, and become exercisable in two equal installments on the first and second anniversaries of the grant date, except that all options held by a director, which are otherwise unexercisable on the date the director retires at or after age 72, will become fully exercisable on the date of such retirement.

EXECUTIVE COMPENSATION

COMPENSATION DISCUSSION AND ANALYSIS

The Compensation Discussion and Analysis (CD&A) provides an overview and analysis of the Company s compensation programs. Later in this proxy statement under the heading Additional Information Regarding Executive Compensation, is a series of tables containing information about the compensation for the following individuals, whom the Company refers to as named executive officers, or NEOs of the Company:

Dean A. Scarborough, President and Chief Executive Officer

Daniel R. O Bryant, Executive Vice President, Finance and Chief Financial Officer (CFO)

Robert G. van Schoonenberg, Executive Vice President, Chief Legal Officer and Secretary

Christian A. Simcic, Group Vice President, Roll Materials[(1)]

Robert M. Malchione, Senior Vice President, Corporate Strategy and Technology

The discussion below is intended to help in understanding the detailed information provided in those tables and put that information into context within the Company s overall compensation program.

ROLE OF COMPENSATION COMMITTEE & EXECUTIVE OFFICERS

The Compensation Committee is appointed by the Board to manage the Board s responsibilities relating to the compensation of the Company s directors, CEO, NEOs and other executive officers.

The Compensation Committee s major responsibilities are to:

1. Review and approve Company goals and objectives related to CEO compensation annually, evaluate the CEO s performance in light of those goals and objectives, and determine and approve the CEO s overall compensation level based on this evaluation. In determining the incentive components of the CEO s compensation, the Compensation Committee considers the Company s performance and strategic direction and the value of similar incentive awards to CEOs at companies of similar size.

(1) Mr. Simcic stepped down from his position as Group Vice President, Roll Materials, at the end of 2007.

2. Review and approve the annual base salary increases and annual bonus awards of the other executive officers, as well as long-term cash and equity-based incentive awards. In addition, the Compensation Committee provides periodic reports and makes recommendations to the Board on the Company s compensation program for the other executive officers. The Compensation Committee also reviews and approves employment agreements, special or supplemental compensation and benefits for the CEO and other executive officers, including supplemental retirement benefits and perquisites.

3. Select, retain and terminate any compensation consultant used to assist the Compensation Committee in the evaluation of compensation for directors, the CEO and other executive officers. The Compensation Committee has sole authority to approve the consultant s fees and other terms and conditions.

4. Conduct an annual evaluation of, and make periodic reports to, the Board on succession planning for the CEO and the CEO s direct reports. To that end, the Compensation Committee meets annually to review and discuss succession planning for the CEO and other executive officers.

5. Review the Compensation Committee Charter annually and recommend any proposed changes to the Board for approval.

The Compensation Committee has retained the services of Watson Wyatt Worldwide (Watson Wyatt), an independent executive compensation consultant, to assist the Compensation Committee in determining the overall compensation program. During 2007, Watson Wyatt conducted a review of the Company s executive compensation program, including the annual bonus and long-term incentive plans, with the intent to better align the executives reward opportunity with the Company s business strategy, which is to increase market share, drive profitable growth, and create shareholder value. As a result of this review, the Compensation Committee has decided that the cash Long-Term Incentive Plan (LTIP) program will be phased out at the end of the 2006 2008 performance cycle, and restricted stock unit (RSUs) awards will no longer be part of the annual equity grant mix for the CEO and other NEOs. Starting in 2008, the CEO and other NEOs will be eligible to receive stock options and performance units, which will be targeted to represent approximately 60% and 40%, respectively, of their long-term incentive opportunity.

The CEO makes compensation recommendations, including salary adjustments and incentive awards to the Compensation Committee, for the NEOs and other executive officers based on the CEO s annual review of each officer s performance. These recommendations are presented to the Compensation Committee for review and approval. The Compensation Committee may exercise its discretion in modifying recommended salary adjustments or incentive awards.

The CEO and the Senior Vice President and Chief Human Resources Officer, and in some cases the CFO, participate during portions of Compensation Committee meetings to:

- review and recommend performance objectives and goals for the annual bonus and long-term incentive plans
- review performance against goals for the annual bonus and long-term incentive plans
- review changes to the executive compensation program

COMPENSATION PHILOSOPHY AND OBJECTIVES

The Board believes that hiring and retaining effective leaders and providing appropriate incentives for executives are essential to the Company s success in the marketplace and to creating an attractive investment for stockholders. The Compensation Committee of the Board has responsibility for establishing and implementing the Company s executive compensation program.

The Compensation Committee has established a compensation strategy and supporting plans that tie a significant portion of executive compensation to the Company s success in meeting specified performance goals and to the appreciation in the Company s stock price. The objectives of this strategy are to attract and retain the best possible executive talent, to motivate these executives to achieve the Company s near-, mid- and long-term goals, to link the interests of executives and stockholders through equity-based plans and to provide a compensation program that recognizes individual contributions, as well as overall business results.

SETTING EXECUTIVE COMPENSATION

The Compensation Committee has established a total direct compensation positioning strategy for executive officers at the 65th percentile of companies similar in size, global scope and complexity with which the Company may compete for executive talent. Total direct compensation is base salary plus annual bonus (based on market reference) and annual long-term incentive opportunities (includes cash, stock options and restricted stock units). The Compensation Committee believes this positioning is appropriate given the Company s business portfolio mix, product diversity and the global nature of the Company s operations, which require its executives to have a wide range of business leadership experiences and skills. Although a majority of the Company s executives are promoted from within, when executive talent is hired externally, the Company typically recruits from larger global companies. Although the Compensation Committee targets total direct compensation at the 65th percentile on an aggregate basis, some executives may be paid above the 65th percentile, while others may be paid below the 65th percentile for a variety of reasons, including tenure in the position, experience and individual performance.

COMPENSATION BENCHMARKING AND PEER GROUPS

The Company uses different peer groups for benchmarking comparisons, as follows:

Executive officer compensation: broad cross section of large U.S.-based companies to reflect similarly broad talent market, as provided in executive compensation surveys, adjusted for revenue size. Each year, the Company reviews surveys prepared by independent third parties to understand the compensation practices of publicly-traded companies and to assess the Company s competitiveness. In 2007, primary survey sources were Hewitt Associates and Towers Perrin executive compensation surveys.

LTIP award determination: the Company s relative total shareholder return compared to other companies in the S&P 500 index.

RSUs performance vesting determination: relative annual return on total capital (ROTC) compared to a market basket of peer companies (set forth below) consisting of 50 publicly-traded U.S. companies selected on the basis of market diversity, international focus and investment, market volatility, and product line mix.

The Company s market basket of peer group companies is comprised of Air Products & Chemicals Inc., ArvinMeritor Inc., Baker-Hughes, Inc., Ball Corporation, Bemis Company, Inc., Black & Decker Corporation, Cabot Corporation, Crane Company, Crown Holdings, Inc., Cummins Inc., Dana Corporation, Danaher Corporation, Dover Corporation, Eaton Corporation, Ecolab Inc., Ferro Corporation, FMC Corporation, H. B. Fuller Company, Goodrich Company, W. R. Grace & Company, Harley-Davidson, Inc., Harris Corporation, Harsco Corporation, Hercules Inc., Illinois Tool Works Inc., Ingersoll-Rand Company, MASCO Corporation, MeadWestvaco Corporation, NACCO Industries, Newell Rubbermaid Inc., Olin Corporation, PACCAR Inc., Parker-Hannifin Corporation, Pentair Inc., Pitney Bowes Inc., PolyOne Corporation, Potlatch Corporation, P.P.G. Industries Inc., Sequa Corporation, The Sherwin-Williams Company, Smurfit-Stone Container Corporation, Snap-On Inc., Sonoco Products Company, The Stanley Works, Tecumseh Products Company, Temple-Inland Inc., Thermo Fisher Scientific, Inc., Thomas & Betts Corporation, Timken Company and Trinity Industries.

During 2007, Bowater Inc. was acquired by Abitibi-Consolidated. Bowater is no longer a public company and therefore it was deleted from the peer group. In 2007, Trinity Industries was added to the peer group.

Table of Contents

KEY COMPONENTS OF COMPENSATION PROGRAM

The key components of the Company s executive compensation program are:

- base salary
- performance-based compensation
- benefits
- perquisites

For the Company s executive officers, the largest component of total direct compensation opportunity is performance-based. To motivate the Company s executives, the Compensation Committee allocates compensation between cash and equity compensation based on its assessment of the effectiveness of the Company s compensation program and the competitive practices of other public companies. Further, the Compensation Committee considers the Company s business portfolio to provide appropriate linkage of incentives to the Company s objectives. Accordingly, the Company s compensation program includes annual, mid- and long-term incentive awards.

For fiscal year 2007, approximately 50% of Mr. Scarborough s and approximately 35% of the other NEOs total direct compensation earned consisted of performance-based compensation from the annual bonus plan. No equity grants were made to the CEO or other NEOs in 2007. Historically, the annual equity grant has been made in December. However, in December 2006, the Compensation Committee decided to change the timing of future annual equity awards to February, in order to improve transparency for overall earned compensation and to link pay elements more directly to performance. In February 2008, the Compensation Committee approved the 2007 annual bonus payments, and 2008 annual bonus and certain long-term incentive equity awards.

Base Salary

Base salary provides executives with a base level of monthly income and compensates them for services rendered during the fiscal year reflecting:

- the responsibilities of the position
- the experience and performance of the individual
- the Company s or business group s financial results
- other objectives, including leadership development, environmental health and safety, Company values and operating principles, and employee relations
- internal equity
- the competition for executive talent
- the projected annual base salary increases for executives based on salary surveys

The Compensation Committee uses data from compensation surveys to assist in establishing base salaries. In determining Mr. Scarborough s base salary as President and CEO, the Compensation Committee considered the salary levels of chief executive officers from various compensation surveys. In May 2007, Mr. Scarborough s salary of $858,000 was increased 10% to $945,000 to adjust his salary positioning closer to the median of the executive compensation surveys referred to above. For the other NEOs, 2007 salary increases ranged from 3% to 4%. For 2008, the CEO and the other NEOs will not receive an annual salary increase.

Table of Contents

Performance-Based Compensation

The Company structures its performance-based compensation program to reward NEOs based on the Company s performance, as well as the individual executive s contributions. NEOs are awarded incentive compensation in the event certain Company, business group and individual performance measures are achieved.

Performance-based compensation consists of the following:

Annual Bonus Plan

Long-Term Incentives

Annual Bonus Plan

The annual bonus plan compensates NEOs based on the achievement of annual performance goals and enhances the NEOs motivation to achieve above target results.

In 2007, Messrs. Scarborough, O Bryant, van Schoonenberg and Malchione were eligible for an annual cash bonus under the Company s Senior Executive Leadership Compensation Plan (SELCP), which was approved by stockholders in April 2004 and is designed to comply with the requirements of Section 162(m) of the Internal Revenue Code (Code). Under the SELCP, a participant s target award opportunity is 150% of base salary at the end of the fiscal year and the maximum award is 225% of base salary. For 2007, payments under the SELCP were based on corporate performance objectives: 25% sales, 50% earnings per share (EPS) and 25% ROTC. The Compensation Committee has the discretion to decrease but not increase awards calculated under the SELCP. As part of this process, the Compensation Committee also uses a market reference bonus opportunity consistent with the Company s total direct compensation positioning strategy (100% of base salary for Mr. Scarborough, 60% for Messrs. van Schoonenberg and O Bryant, and 55% for Mr. Malchione, based on their salaries at the end of the fiscal year).

In 2007, the Company s other NEO was eligible for an annual cash bonus under the Company s Executive Leadership Compensation Plan (ELCP). In 2007, Mr. Simcic s annual bonus was based 50% on the corporate performance objectives and 50% on his business group performance objectives, which included sales (25%), net income (50%), and economic value added (25%) for his business group. Under both the SELCP and ELCP (collectively referred to as Bonus Plans), Company performance objectives are established by the Compensation Committee within the first 90 days of each year at threshold, target and maximum payout levels. Under the ELCP, the target award opportunity for Mr. Simcic is 55% of base salary at the end of the fiscal year, and the maximum award is 121% of base salary. The Compensation Committee has the discretion to increase or decrease awards for ELCP participants.

The following formula is used for calculating the annual bonus award (using a market reference bonus opportunity):

$$\text{Salary at year end} \times \text{Bonus Opportunity\%} \times \text{Financial Modifier} \times \text{Individual Modifier} = \text{Bonus Award}$$

<u>Financial Modifier</u>: The amounts payable under the Company s Bonus Plans are based on the performance of either the Company and/or business group for which the executive officers have responsibility. The performance is converted into a financial modifier based on the performance achieved and weighting of the selected performance goals. So that executive officers receive bonus awards that are based on Company performance, and to give management incentive to take necessary actions to provide for long-term value creation, the Compensation Committee

may modify performance-based bonus awards based on adjustment factors that the Compensation Committee establishes within the first 90 days of the fiscal year. In July 2007, following the Paxar acquisition, the Compensation Committee modified the goals used for the market reference bonus opportunity calculation.

Table of Contents

For 2007, the Company achieved an 88% financial modifier based on the Company s financial results for sales (25%), EPS (50%) and ROTC (25%), under the modified goals. See the table and narrative below for the Company s results against these goals, which were applied to the market reference bonus opportunities.

Annual Bonus
2007 Performance Objectives and Goals[(1)]

	Sales (in millions)	EPS	ROTC
Threshold (50% payout)	$ 5,895	$ 3.59	11.9%
Target (100% payout)	$ 6,318	$ 3.99	13.1%
Maximum (200% payout)	$ 6,376	$ 4.17	13.5%

(1) Payouts for performance between the levels listed above will be interpolated.

To determine the financial modifier for the 2007 annual bonus awards (using the market reference bonus opportunities), the Compensation Committee approved the following adjustments to reported 2007 results:

2007 Annual Bonus
Financial Modifier

	Sales Growth[(1)]	EPS	ROTC	Financial Modifier
Target (100%)	11.7%	$ 3.99	13.1%	
As Reported	8.6%	$ 3.07	10.6%	26%
Adjustment Factors:				
Restructuring & Asset Impairment		$ 0.32(2)	0.8%	
Acquisition Integration & Asset Impairment		$ 0.50(2)	1.3%	
Other		$ 0.04	0.2%	
Adjusted Result	8.6%	$ 3.93	12.9%	88%

(1) Excluding the impact of currency translation.

(2) Of the $0.82, $0.61 is related to the Paxar acquisition.

Individual Modifier: NEOs have individual performance objectives that are designed to improve the Company s performance. Individual objectives may include leadership development, environmental health and safety, Company values and operating principles and employee relations. Achievement of individual objectives is evaluated and translated into an individual modifier, which can range from 0% to 110%, based on individual performance. For 2007, all NEOs received an individual modifier of 100%, based upon the annual review of performance objectives established at the beginning of the year.

In 2008, awards made under the Bonus Plans will be based on one-third sales growth and two-thirds profitability, as well as the NEO s individual modifier. The profitability measure will be EPS for the Corporate participants, and a combination of EPS and net income for the business group participants. The table below shows the 2008 bonus awards for NEOs at threshold, target and maximum, using the SELCP market reference bonus opportunities and expected year end salaries.

Table of Contents

2008 Bonus Awards[(1)]

	Threshold	Target	Maximum
Dean A. Scarborough	$ 472,500	$ 1,417,500	$ 2,126,250
Daniel R. O Bryant	$ 279,900	$ 839,700	$ 1,259,550
Robert G. van Schoonenberg	$ 290,950	$ 872,850	$ 1,309,275
Robert M. Malchione	$ 239,550	$ 718,650	$ 1,077,975

(1) Awards under the SELCP. Actual payments will be paid based on performance.

Long-Term Incentives

For 2007, the Company s long-term incentives consisted of the following:

LTIP cash awards

The Employee Stock Option and Incentive Plan (Stock Plan)

equity awards (stock options and RSUs)

Starting in 2008, equity awards (stock options and performance units) will be made to the NEOs, subject to stockholder approval of the amended and restated Stock Option and Incentive Plan (see Item 3 on page 44). With these equity awards, the NEOs compensation will be linked to an even greater extent to the Company s stock price thus increasing the alignment with stockholder interests to create sustainable long-term value through stock price appreciation.

Starting in 2008, the Compensation Committee is targeting the following ratios for NEOs long-term incentives:

60% stock options

40% performance units

LTIP: The objective of the current LTIP 2006-2008 cycle is to focus executive attention on mid-term growth and profitability objectives of the Company and to reward participants on specific three-year goals. Under the LTIP, Company officers are eligible to earn cash incentive awards based on the financial and relative shareholder performance of the Company, and in some cases its business groups, over a three-year performance period. The LTIP target opportunities are 100% of base salary at the end of the cycle for Mr. Scarborough and 80% for the other NEOs. The maximum LTIP award is 200% of target opportunities. The Company is in the last performance year of this cash incentive plan.

Stock Plan: Stock Plan provides for equity awards, including non-qualified stock options, stock appreciation rights, restricted stock, RSUs and dividend equivalents. This long-term incentive program is designed to:

enhance the link between the creation of stockholder value and long-term incentive compensation

provide an opportunity for increased equity ownership maintain competitive levels of total direct compensation

An amended and restated Stock Plan is being resubmitted to the stockholders for approval this year (see Item 3 on page 44).

Under the Stock Plan, all stock options are issued at fair market value (the average of the high and the low prices on the NYSE) on the date of the grant. Annual stock options are granted on the date of the Compensation Committee meeting at which awards are made. Annual stock option awards vest at a rate of 25% per year over the first four years of a ten-year option term. During 2007, no annual equity awards (stock options or RSUs) were made to the NEOs.

Table of Contents

To align the NEOs with the interests of stockholders, the Compensation Committee believes that the NEOs should acquire and maintain equity interest in the Company. To achieve this objective, the Company has a stock ownership policy for NEOs to acquire and hold certain levels of stock ownership during his or her tenure with the Company.

Targeted Levels of Stock Ownership[1] (to be achieved within five years of assuming the position):

CEO	4 times base salary
Other NEOs	2 times base salary

(1) Defined as number of shares with a market value at year end equivalent to the multiple of salary.

Under the Stock Plan and the Charter of the Compensation Committee, the Compensation Committee has the authority to make equity awards to executive officers and other employees of the Company. The Compensation Committee reviews and approves the total annual pool of stock options and RSUs, as well as annual and special equity awards to executive officers, including the size of the awards and related terms and conditions. The Compensation Committee has delegated the authority to the CEO to make equity awards for annual and special equity grants of stock options and RSUs to employees, other than executive officers. Following approval by the Compensation Committee or the CEO, as appropriate, special equity awards (other than those granted at the time of the annual grant) are granted and dated on the first day of the next third, sixth, ninth, or twelfth calendar month (if the NYSE is closed on that date, then on the first day thereafter that the NYSE is open). Special equity grants (including those for new hires, promotions, retention, and special recognition) may have different vesting schedules depending on the purpose of the grant.

Benefits

The Company provides a benefit program for all eligible employees in the United States, including NEOs, to provide them with retirement, savings, health and welfare, and disability coverage.

Defined Benefit Retirement Plans

The Company provides retirement benefits for all eligible employees, including NEOs, under the Retirement Plan for Employees of Avery Dennison Corporation (Avery Retirement Plan) and/or the Dennison Retirement Plan (Dennison Retirement Plan), collectively the Qualified Retirement Plans. The Company also provides the Benefit Restoration Plan (BRP) for eligible employees as described below.

Benefits under the Qualified Retirement Plans are based on pensionable earnings, length of service, when benefits commence and how they are paid, and are currently calculated separately for each year of service. Employees vest in the Qualified Retirement Plans after five years of service.

Employees who participated in the Avery Retirement Plan at any time from December 1, 1986 through November 30, 1997, may also have a benefit under the Stock Holding and Retirement Enhancement Plan of Avery Dennison Corporation (SHARE Plan). In order to receive a maximized benefit under the Avery Retirement Plan, these employees have the option to transfer their SHARE Plan balance to the Avery Retirement Plan, which will be converted into an annual annuity and combined with the monthly benefit from the Avery Retirement Plan. If they choose not to transfer their SHARE Plan balance, they will receive a lump-sum payment from the SHARE Plan and a lesser benefit from the Avery Retirement Plan.

Amounts payable under the Qualified Retirement Plans may be reduced in accordance with certain provisions, which, as applied to plan years beginning on or after December 1, 1994, currently limit the annual amount of compensation used to determine annual benefit accruals under the Qualified Retirement Plans to the first $225,000 of covered compensation as of December 31, 2007. In December 1994, the Company established the BRP to provide for the payment of supplemental retirement benefits to eligible employees, including the NEOs, whose benefits under the Qualified Retirement Plans are limited under the foregoing Code provisions. The BRP is a non-

17

Table of Contents

qualified excess benefit plan. Benefits are payable under the BRP in amounts equal to the amount by which a participant s benefits, otherwise payable under the Qualified Retirement Plans, are reduced under applicable provisions of the Code.

All NEOs currently have a benefit in at least one of the plans discussed above. Mr. Simcic began employment with the Company as a French citizen and participated in certain French pension plans for a period of time before he was added as a participant in the U.S. plans. Additional information related to Mr. Simcic s French retirement benefit is discussed in the Pension Benefit table following the CD&A.

Defined Contribution Retirement Plan

The Employee Savings Plan (401(k) Plan) is a tax-qualified retirement savings plan that permits employees to defer up to 25% of their annual salary and bonus or, if lower, the limit prescribed by the Internal Revenue Service to the 401(k) Plan on a before-tax basis. The employees elective deferrals are immediately vested upon contribution to the 401(k) Plan. The Company currently makes matching contributions to the 401(k) Plan in an amount equal to fifty cents for each dollar a participant contributes up to a maximum of 6% of the participant s annual salary and bonus contributed, subject to certain other Code limits. After three years of service, participants vest in the amounts contributed by the Company. Employees of the Company are immediately eligible to participate in the 401(k) Plan.

Supplemental Executive Retirement Plan

The Supplemental Executive Retirement Plan (SERP) is designed to provide participants with additional incentives to further the Company s growth and development, and as an inducement to remain with the Company. Participants designated by the Compensation Committee are offered benefits under this plan to supplement other retirement benefits. The Company believes that it is in the stockholders best interest to retain key executives in critical roles in order to provide continuity of leadership and to focus them on the Company s long-term success. The Compensation Committee has designated Messrs. Scarborough, van Schoonenberg and O Bryant as participants in this plan. Benefits will commence upon retirement at a benefit level that, when added to the benefits to which they will be entitled from the Qualified Retirement Plans, the BRP, the SHARE Plan at the time of retirement (assuming retirement at age 65), Company contributions (plus interest) to the 401(k) Plan and the deferred compensation plans, and Social Security payment, will equal 62.5% for Mr. Scarborough, 57.5% for Mr. van Schoonenberg and 52.5% for Mr. O Bryant of their respective final average compensation (annual average of their salary for the three highest twelve month periods out of their last sixty months of employment with the Company plus the average of their three highest earned annual bonuses during their last sixty months of employment with the Company). Survivor and disability benefits are also payable under the SERP under certain circumstances.

Deferred Compensation

NEOs are eligible to defer up to 50% of their base salary and 50% of cash bonuses to the 2005 Executive Variable Deferred Retirement Plan (EVDRP), which is a non-qualified plan. Deferrals are 100% vested. This plan provides NEOs and other employees with a long-term capital accumulation opportunity. The EVDRP provides a number of investment opportunities, including fixed income and mutual fund alternatives. The EVDRP is designed to comply with section 409A of the Code. Certain NEOs also participated in prior deferred compensation plans that are no longer available for new deferrals.

The Company makes an annual contribution to each NEO s deferred compensation account equal to 3% of cash compensation (salary and annual bonus) in excess of the 401(k) Plan limit. This contribution is added to their deferred compensation account at the end of each plan year as long as the NEO has contributed at least 6% into the 401(k) Plan during the same plan year and is employed by the Company at year end. This benefit is designed to supplement pre-tax 401(k) contributions that are limited for certain executives (by the Code). Starting with the 2007 plan year, the Company provides all employees eligible for the deferred compensation program a Company match up to the Code and Company 401(k) Plan limits.

Retiree Medical

Retirees, including NEOs, may be eligible for medical coverage until they are eligible for Medicare provided they meet the following criteria: elect to retire immediately following separation from the Company; receive a pension benefit from the Avery Retirement Plan and/or the Associate Retirement Plan for Employees of Avery Dennison Corporation (a component of the Dennison Retirement Plan); and are age 55 or older with 15 or more years of service. For employees who are at least age 60 and have 20 years of service, cost for this coverage is shared by the Company and the retiree.

Medical Insurance

All NEOs contribute to, and participate in, medical plans available to employees. In addition, the Company provides each NEO, the NEO s spouse and dependent children, with supplemental medical coverage, which reimburses the NEOs for medical costs not covered under the basic medical plan. Mr. Scarborough has reimbursement coverage up to $30,000 per year for himself and for each covered family member, and the other NEOs have coverage up to $20,000 per year for themselves and for each covered family member.

Dental Insurance

All NEOs contribute to, and participate in, dental plans available to employees. In addition, the Company provides each NEO, the NEO s spouse and dependent children, supplemental dental coverage, which reimburses the NEOs for dental costs not covered under the basic dental plan. Mr. Scarborough has reimbursement coverage up to $2,000 per year for himself and for each covered family member, and the other NEOs have coverage up to $1,500 per year for themselves and for each covered family member. This benefit includes orthodontia coverage ($4,000 lifetime maximum) for dependents up to age 19.

Life Insurance

The Company provides $50,000 in life insurance for all employees, including NEOs. In addition, the Company provides each NEO supplemental life insurance equal to three times his/her base salary less $50,000 (which is covered under the Company s basic plan) up to a maximum coverage of $700,000.

Employment Agreements

On August 1, 1997, the Company entered into an agreement with Mr. Scarborough, which was amended on May 1, 2005, to reflect his promotion to President and CEO, providing that, if his employment is terminated for any reason other than for cause, death, disability, or voluntary resignation without good reason (as such terms are defined in the agreement), he (i) would receive a payment equivalent to a pro-rated annual bonus for the year of termination; (ii) would receive salary and bonus (based on his highest combined annual base salary plus bonus in any of the three previous years) for one year before a change of control and three years after a change of control (severance period); (iii) would receive additional retirement and supplemental retirement benefits that would have accrued during the severance period; (iv) would continue to participate in benefit plans (including medical, dental, and life insurance) during the severance period (but reduced to the extent such benefits are provided by another employer); (v) would receive additional age and service credit under a deferred compensation plan following termination during the severance period (or the minimum age and service credit required for early retirement benefits and the retirement interest rate); and (vi) if such termination occurs after a change of control, the Company would pay for outplacement services not to exceed $50,000. Benefits and amounts to which Mr. Scarborough would be entitled under the agreement would be reduced to the extent of any benefits and

Table of Contents

earned income from any new employment or services performed during the severance period. Mr. Scarborough would receive a gross-up payment for any excise taxes that are imposed under Section 4999 of the Code.

On September 1, 2000, the Company entered into an agreement with Mr. Malchione; on January 2, 2001, the Company entered into an agreement with Mr. O Bryant; and on January 1, 2002, the Company entered into an agreement with Mr. Simcic. These agreements are substantially the same as Mr. Scarborough s, including the change of control provisions described above.

On March 16, 1996, the Company entered into an agreement with Mr. van Schoonenberg providing that, if his employment with the Company is terminated for any reason other than for death, disability, cause, or voluntary resignation without good reason (as such terms are defined in the agreement), he would receive a payment equivalent to two years salary and bonus, continue to participate in benefit and incentive plans for a two-year period, his unvested options will be vested; in the event of such termination within two years of a change of control, he will receive a payment equal to three times salary and bonus, payment for LTIP and reimbursement for any excise taxes.

On March 31, 2005, the Company entered into a retention agreement with Mr. O Bryant under which he will remain employed by the Company in his present position and the Company (i) contributed $1 million on April 1, 2005 to Mr. O Bryant s deferred compensation account, which contribution (and any earnings thereon) will vest at age 55; (ii) granted to him 30,000 shares of restricted stock, which will vest in two equal installments on April 1, 2009 and August 14, 2012; and (iii) during the period 2005-2011, agreed to grant to him incremental options each year equal to $180,000 divided by the Black-Scholes value of the Company s stock used at the time of the annual stock option grant, with such options to vest under the same terms as other annual options granted to Mr. O Bryant. These benefits vest upon death or disability, involuntary (not for cause) termination, good reason termination, or a change of control.

Perquisites

The Company provides NEOs with perquisites to attract and retain executives. The Compensation Committee periodically reviews the perquisites provided to NEOs.

Annual Physical

Each NEO is required to have an annual physical provided at the Company s cost. The results are confidential between the physician and the NEO.

Car Program

The Company is transitioning its car program for executives, including NEOs, from a lease program to a monthly allowance program, as the leases expire. Under the lease program, the Company pays a pre-established lease payment amount, as well as insurance and maintenance costs. Under the allowance program, the Company provides each NEO with a monthly allowance. The executive is responsible for leasing or purchasing his or her own vehicle, as well as for paying insurance and maintenance costs. The monthly allowances for NEOs range from $1,550 to $2,500. All NEOs were on the allowance program by the end of 2007.

Airline Clubs

Each NEO may participate in two airline clubs to use when traveling. The Company reimburses the NEOs for the cost.

Other Clubs

Each NEO is entitled to enroll in one health club and the Company pays for the monthly dues. In addition, certain NEOs are entitled to reimbursement of monthly dues for business and country club memberships.

Financial Counseling

The Company provides the NEOs an annual reimbursement amount for financial counseling that ranges from $15,000 to $25,000.

Table of Contents

Home Computer

The Company provides each NEO with a home computer and related equipment.

TAX AND ACCOUNTING IMPLICATIONS

Deductibility of Executive Compensation

With its performance-based compensation programs, the Company aims to compensate the NEOs in a manner that is tax effective for the Company.

Under the 1993 Omnibus Budget Reconciliation Act (OBRA) and Section 162(m) of the Code, income tax deductions of publicly-traded companies may be limited to the extent total compensation for certain executive officers exceeds $1 million in any one year, except for compensation payments that qualify as performance-based. To qualify as performance-based, compensation payments must be based solely upon the achievement of objective performance goals and made under a plan that is administered by the Compensation Committee. In addition, the material terms of the plan must be disclosed to and approved by the stockholders and the Compensation Committee must certify that the performance goals were achieved before payments can be made. The Compensation Committee has designed certain of the Company s compensation programs to conform with Section 162(m) of the Code and related regulations so that total compensation paid to any employee covered by Section 162(m) generally should not exceed $1 million in any one year, except for compensation payments that qualify as performance-based. However, the Company may pay compensation that is not deductible in certain circumstances.

Non-Qualified Deferred Compensation

On October 22, 2004, the American Jobs Creation Act of 2004 was adopted, which changed the tax rules applicable to non-qualified deferred compensation arrangements. The Company believes it is operating in good faith compliance with the statutory provisions that were effective January 1, 2005.

Accounting for Stock-Based Compensation

Beginning January 1, 2006, the Company began accounting for stock-based compensation awards under the provisions of SFAS No. 123(R).

COMPENSATION AND EXECUTIVE PERSONNEL COMMITTEE REPORT

The Compensation and Executive Personnel Committee of the Board of Directors has reviewed and discussed the Compensation Discussion and Analysis required by Item 402(b) of Regulation S-K with management and, based on such review and discussions, the Committee recommended to the Board of Directors that the Compensation Discussion and Analysis be included or incorporated by reference in the Company s annual report on Form 10-K and this Proxy Statement.

David E.I. Pyott, Chairman
Peter K. Barker
Richard M. Ferry
Julia A. Stewart

The above Report of the Compensation and Executive Personnel Committee of the Board of Directors does not constitute soliciting material and should not be deemed filed or incorporated by reference into any other Company *filing under the Securities Act of 1933 or the Securities Exchange Act of 1934, except to the extent the Company specifically incorporates this Report by reference therein.*

Table of Contents

ADDITIONAL INFORMATION REGARDING EXECUTIVE COMPENSATION

Executive Compensation

The following table and accompanying notes show, for the President and CEO, the CFO and the other three most highly compensated executive officers of the Company for 2007, the compensation earned by the NEOs or the compensation expense recognized by the Company during 2007.

SUMMARY COMPENSATION TABLE

nd Principal Position	Year	Salary[2]	Bonus[3]	Stock Awards[4]	Option Awards[5]	Non-Equity Incentive Plan Compensation[6]	Change in Pension Value and NQDC Earnings[7]	All Other Compensation[8]	T
Scarborough	2007	$ 916,000		$ 265,819	$ 1,154,241	$ 831,600	$ 479,908	$ 119,929	$ 3,7
t and Chief	2006	$ 847,000		$ 131,171	$ 1,036,809	$ 2,147,723	$ 1,015,864	$ 97,587	$ 5,2
e Officer									
. O Bryant	2007	$ 552,600		$ 414,751	$ 518,834	$ 295,600	$ 26,499	$ 132,420	$ 1,9
e Vice President,	2006	$ 531,789		$ 367,396	$ 487,724	$ 944,966	$ 335,021	$ 122,149	$ 2,7
and Chief									
l Officer									
. van									
nberg	2007	$ 575,333		$ 267,248	$ 193,730	$ 307,300	$ 321,985	$ 87,334	$ 1,7
e Vice President,	2006	$ 555,533		$ 325,636	$ 1,433,542	$ 987,112	$ 692,620	$ 75,499	$ 4,0
gal Officer and									
y									
A. Simcic[1]	2007	$ 513,833		$ 91,241	$ 395,413	$ 200,100	$ 92,693	$ 50,934	$ 1,3
ice President,	2006	$ 496,433		$ 50,412	$ 424,795	$ 831,048	$ 85,309	$ 50,447	$ 1,9
erials									
I. Malchione	2007	$ 474,433		$ 73,299	$ 356,499	$ 231,900	$ 43,677	$ 76,068	$ 1,2
ice President,	2006	$ 460,567		$ 40,631	$ 408,941	$ 756,255	$ 85,123	$ 53,366	$ 1,8
e Strategy and									
gy									

(1) Mr. Simcic stepped down from his position as Group Vice President, Roll Materials, at the end of 2007.

(2) Amounts shown include amounts earned, but deferred at the election of these officers under the Employee Savings Plan, a qualified defined contribution plan under the 401(k) Plan of the Code.

(3) Amounts earned under the Bonus Plans, which in previous years were reported in the *Bonus* column, are now reported in the *Non-Equity Incentive Plan Compensation* column.

(4)

Amounts shown do not reflect compensation actually received by the NEOs. The Company did not grant stock awards to NEOs in 2007. Instead, the amounts shown are the compensation expense, without reduction for forfeitures, recognized by the Company as an expense in the 2007 Consolidated Statement of Income for restricted stock and RSU awards granted to NEOs in prior years, calculated in accordance with SFAS No. 123(R), and thus include amounts for awards granted in 2005 and 2006. This means that these numbers will be difficult to compare with information in proxy statements prior to 2007. It is also difficult to make comparisons between the NEOs, because of (i) retirement eligibility (Mr. van Schoonenberg is eligible for retirement and meets certain vesting criteria), and (ii) a prior year grant of restricted stock to Mr. O Bryant (described in his retention agreement referred to in the CD&A) also influence accounting expense calculations under SFAS No. 123(R). During 2007, the NEOs did not realize any value based on vesting of stock awards; see the *Value Realized on Vesting* column in the Option Exercises and Stock Vested for 2007 table.

The related expense for restricted stock is amortized over a 7-year and 5-month period for Mr. O Bryant. RSUs are amortized over a 36-month period (except for a 7,884 RSU grant to Mr. van Schoonenberg, which is amortized over a 24-month period).

(5) Amounts shown do not reflect compensation actually received by the NEOs. No stock options were granted to the NEOs in 2007. Instead, the amounts shown are the compensation expense, without reduction for forfeitures, recognized by the Company as an expense in the 2007 Consolidated Statement of Income for stock option awards granted to NEOs in prior years, calculated in accordance with SFAS No. 123(R), and thus include compensation expense from awards granted in 2004, 2005 and 2006. This means that these numbers will be difficult to compare with information in proxy statements prior to 2007. It is also difficult to make comparisons between the NEOs because retirement eligibility also influences compensation expense calculations (Mr. van Schoonenberg is eligible for retirement and meets certain vesting criteria). For the values actually received by the NEOs during 2007, see the *Value Realized on Exercise* column in the Option Exercises and Stock Vested for 2007 table.

Table of Contents

Stock option expense is the estimated fair value of options granted, amortized on a straight-line basis over the requisite service period. The fair value of stock option awards is estimated as of the date of grant using the Black-Scholes option-pricing model. This model requires input assumptions for expected dividend yield, expected volatility, risk-free interest rate and the expected life of the options. The underlying assumptions used were as follows:

	2007	2006	2005	2004	2003
Risk-free interest rate	4.68%	4.74%	4.11%	3.86%	3.86%
Expected stock price volatility	24.75%	22.51%	20.55%	19.81%	21.41%
Expected dividend yield	2.53%	2.58%	2.67%	3.01%	2.59%
Expected option term	5.8 years	5.8 years	7 years	7 years	7 years

In connection with Mr. Scarborough s promotion to CEO on May 2, 2005, he received a special stock option award for which the following assumptions were used: risk-free interest rate of 3.94%, expected stock price volatility of 21.00%, expected dividend yield of 2.48%, and expected option term of 7 years.

(6) Amounts include the annual bonuses earned under the Company s Bonus Plans in 2007.

The following table provides the amounts earned as the 2007 Annual Bonus:

Name	Annual Bonus
Dean A. Scarborough	$ 831,600
Daniel R. O Bryant	$ 295,600
Robert G. van Schoonenberg	$ 307,300
Christian A. Simcic	$ 200,100
Robert M. Malchione	$ 231,900

(7) Reflects the increase during 2007 in the actuarial present value of each NEO s accumulated benefits under the Qualified Retirement Plans, French Pension Plans (as applicable) and SERP (as applicable), and, with respect to Mr. Scarborough and Mr. van Schoonenberg, above-market earnings earned in 2007 based on their participation in legacy deferred compensation plans* (which were frozen prior to 2007 and are no longer open for additional Company or executive contributions) of $1,131 and $181,996, respectively. These amounts are also reported in the *Aggregate Earnings in Last Fiscal Year* column of the Non-Qualified Deferred Compensation table below. Above-market earnings mean a crediting interest rate in excess of 120% of the applicable federal rate (AFR). For 2007, the AFR was 6.04%, and the crediting rates were 12.21% for the Executive Deferred Compensation Plan (EDCP) and 6.10% for both the Executive Variable Deferred Compensation Plan (EVDCP) and the Executive Deferred Retirement Plan (EDRP).

* Legacy plans: EDCP, EVDCP and EDRP. Mr. Scarborough participated in the EDRP, and Mr. van Schoonenberg participated in all three plans.

(8) The following table describes the components of items for the *All Other Compensation* column in the Summary Compensation Table.

All Other Compensation for 2007

Perquisites				**Benefits**							
Financial Planning	**Automobile**	**Airline Clubs**	**Other Club**[1]	**Company Match Employee Savings Plan**	**Company Match Deferred Comp**	**Excess Life Insurance**	**Medical/ Dental**	**Executive Long Term Disability**	**Executive Physical**	**Dividends on Restricted Stock**[2]	
	$ 35,578	$ 675	$ 7,380	$ 5,636	$ 58,028	$ 1,932	$ 10,285		$ 415		$
$ 10,000	$ 24,000	$ 350	$ 75	$ 6,175	$ 25,681		$ 12,711	$ 1,080	$ 1,265	$ 51,084	$
$ 18,000	$ 13,037	$ 700	$ 2,166	$ 5,922	$ 27,116		$ 17,843	$ 1,080	$ 1,470		$
$ 9,000	$ 5,625	$ 300	$ 825	$ 5,994	$ 19,801	$ 1,932	$ 7,457				$
$ 9,000	$ 18,428	$ 650	$ 900	$ 6,618	$ 20,269		$ 18,093	$ 1,080	$ 1,030		$

(1) Amounts include fitness, business and country club dues.

(2) During 2007, Mr. O Bryant received dividends on his unvested restricted stock in the form of additional restricted stock. On each dividend payment date, additional shares of restricted stock were credited to Mr. O Bryant s account. The number of shares of restricted stock to be credited is determined by dividing the dividend that would have been paid on the shares represented by the restricted stock in his account by the closing price of the Company s common stock on the NYSE on the dividend payment dates. During 2007, 864 shares of restricted stock were credited to his account as a result of these dividends.

Table of Contents

GRANTS OF PLAN-BASED AWARDS FOR 2007

The following table provides information regarding grants of cash incentive awards made to the NEOs in 2007.

		Estimated Future Payouts Under Non-Equity Incentive Plan Awards[1]			Estimated Future Payouts Under Equity Incentive Plan Awards			All Other Stock Awards: Number of Shares of Stock or Units	All Other Option Awards: Number of Securities Underlying Options	Exercise or Base Price of Option Awards	Fair Market Value on Date of Grant	Grant Date Fair Value of Stock and Option Awards
Name	**Grant Date**	**Threshold**	**Target**	**Maximum**	**Threshold**	**Target**	**Max.**					
Dean A. Scarborough	02/21/07	$ 429,000	$ 858,000	$ 1,887,600								
Daniel R. O Bryant	02/21/07	$ 161,460	$ 322,920	$ 710,424								
Robert G. van Schoonenberg	02/21/07	$ 168,660	$ 337,320	$ 742,104								
Christian A. Simcic	02/21/07	$ 138,078	$ 276,155	$ 607,541								
Robert M. Malchione	02/21/07	$ 127,903	$ 255,805	$ 562,771								

(1) These amounts represent the annual bonus opportunities (based on market reference) under the Bonus Plans for 2007, as described in the CD&A. Target bonuses (shown in the table above) were established by multiplying base salary at time of grant by the applicable percentage shown below. Actual amounts earned were determined and paid in March 2008, and are included in the *Non-Equity Incentive Plan Compensation* column of the Summary Compensation Table.

Name	**2007 Target Bonus (% of Annual Base Pay at Year End)**

Dean A. Scarborough	100%
Daniel R. O Bryant	60%
Robert G. van Schoonenberg	60%
Christian A. Simcic	55%
Robert M. Malchione	55%

Payout levels range from 50% of the target amounts for threshold performance and up to 220% of the target amounts for maximum performance. Actual payouts were determined by the Compensation Committee in February of 2008, and are disclosed in the Summary Compensation Table in the *Non-Equity Incentive Plan Compensation* column.

OUTSTANDING EQUITY AWARDS AT FISCAL YEAR END FOR 2007

The following table provides summary information regarding the outstanding equity awards for the NEOs at December 31, 2007.

Name	Number of Securities Underlying Unexercised Options Exercisable	Number of Securities Underlying Unexercised Options Unexercisable	Equity Incentive Plan Awards: Number of Securities Underlying Unexercised Unearned Options	Option Exercise Price	Option Expiration Date	Number of Shares or Units of Stock Held That Have Not Vested	Market Value of Shares or Units of Stock Held that Have Not Yet Vested	Equity Incentive Plan Awards: Number of Unearned Shares, Units or Other Rights That Have Not Yet Vested	Equity Incentive Plan Awards: Market or Payout Value of Unearned Shares, Units or Other Rights That Have Not Yet Vested
Dean A. Scarborough	26,000			$ 45.19	12/03/08				
	30,000			$ 53.13	09/23/09				
	16,600			$ 59.16	12/02/09				
	20,000			$ 64.91	04/27/10				
	20,000			$ 54.03	12/07/10				
	20,000			$ 50.72	12/07/10				
	65,000			$ 55.71	12/06/11				
	55,000			$ 62.87	12/05/12				
	55,000			$ 55.55	12/04/13				
		90,000(1)		$ 59.19	12/02/14				
	25,000	25,000(2)		$ 52.08	05/02/15				
	50,000	50,000(2)		$ 59.47	12/01/15				
	25,000	75,000(2)		$ 67.80	12/07/16				
								6,317(3)	$ 335,685
								6,625(4)	$ 352,053
Total	407,600	240,000						12,942	$ 687,738
Daniel R. O Bryant	2,189			$ 45.19	12/03/08				
	4,300			$ 59.16	12/02/09				
	1,000			$ 59.16	12/02/09				

	6,500		$ 54.03	12/07/10				
	20,000		$ 50.72	12/07/10				
	6,500		$ 50.72	12/07/10				
	30,000		$ 55.71	12/06/11				
	25,000		$ 62.87	12/05/12				
	33,250		$ 55.55	12/04/13				
		51,400(1)	$ 59.19	12/02/14				
	24,432	24,430(2)	$ 59.47	12/01/15				
	12,239	36,716(2)	$ 67.80	12/07/16				
					32,296(5)	$ 1,716,209		
							3,217(3)	$ 170,951
							2,330(4)	$ 123,816
Total	165,410	112,546			32,296	$ 1,716,209	5,547	$ 294,767

Table of Contents

Name	Number of Securities Underlying Unexercised Options Exercisable	Number of Securities Underlying Unexercised Options Unexercisable	Equity Incentive Plan Awards: Number of Securities Underlying Unexercised Unearned Options	Option Exercise Price	Option Expiration Date	Number of Shares or Units of Stock Held That Have Not Vested	Market Value of Shares or Units of Stock Held that Have Not Yet Vested	Equity Incentive Plan Awards: Number of Unearned Shares, Units or Other Rights That Have Not Yet Vested	Equity Incentive Plan Awards: Market or Payout Value of Unearned Shares, Units or Other Rights That Have Not Yet Vested
Robert G. van Schoonenberg	16,600			$ 59.16	12/02/09				
	11,750			$ 54.03	12/07/10				
	11,750			$ 50.72	12/07/10				
	35,000			$ 55.71	12/06/11				
	35,000			$ 62.87	12/05/12				
	38,950			$ 55.55	12/04/13				
		57,000(1)		$ 59.19	12/02/14				
	19,780	19,780(2)		$ 59.47	12/01/15				
	9,419	28,257(2)		$ 67.80	12/07/16				
								2,605(3)	$ 138,430
								2,410(4)	$ 128,067
						8,036(6)	$ 427,033		
Total	178,249	105,037				8,036	$ 427,033	5,015	$ 266,497
Christian A. Simcic	8,500			$ 59.16	12/02/09				
	3,500			$ 59.16	12/02/09				
	11,250			$ 54.03	12/07/10				
	11,250			$ 50.72	12/07/10				
	50,000			$ 55.71	12/06/11				
	30,000			$ 62.87	12/05/12				
	33,250			$ 55.55	12/04/13				
		45,500(1)		$ 59.19	12/02/14				
	18,839	18,838(2)		$ 59.47	12/01/15				

	7,850	23,547(2)	$ 67.80	12/07/16		
					2,481(3)	$ 131,840
					2,009(4)	$ 106,758
Total	174,439	87,885			4,490	$ 238,598
Robert M. Malchione	14,577		$ 45.53	09/28/10		
	9,150		$ 54.03	12/07/10		
	9,150		$ 50.72	12/07/10		